



UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
CHICAGO, ILLINOIS 60611-2092

DEC 11 1997

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BOARD MEMBERS:

GLEN L. BOWER, CHAIRMAN
V.M. SPEAKMAN, JR., LABOR MEMBER
JEROME P. KEVER, MANAGEMENT MEMBER

Ms. Cynthia L. Johnson
Director
Cash Management Policy and Planning Division
Financial Management Service
U.S. Department of the Treasury
Room 420
401 14th Street S.W.
Washington, D.C. 20227

Re: Comments on Proposed EFT Regulations
31 CFR Part 208

Dear Ms. Johnson:

The Railroad Retirement Board has the following comments on the proposed rule concerning the conversion of all Federal payments from checks to electronic funds transfer ("EFT"), published in the Federal Register on September 16, 1997 (62 F.R. 48714).

1. The discussion included in Part I.A. of the Supplementary Information on lost payments (first partial paragraph on page 48715 of the Federal Register of September 16, 1997) may mislead the public. Tracing a misrouted EFT payment is easier than tracing a lost check. Payments misrouted in the system are found quickly. If an EFT payment is actually in the return process, however, a week to ten days may be required before the agency receives sufficient information and documentation to reissue the payment. The reference to 24-hour problem resolution included in the Supplementary Information should be qualified.
2. We believe that the waiver provisions in section 208.4 of the proposed regulations will confuse many beneficiaries and may induce some who do not otherwise qualify for waiver to submit a statement in order to obtain a waiver. Moreover, it appears that the provisions for self-certification may result in a large number of beneficiaries being paid by check, rather than by EFT. If the waiver provisions in section 208.4 remain unchanged, we suggest that written waiver certifications be



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Ms. Cynthia L. Johnson

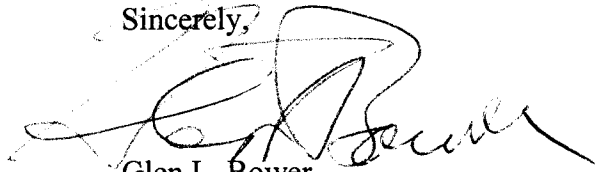
optional, rather than required, and that agencies be given discretion as to how waivers are granted, particularly for beneficiaries who applied for Federal payments prior to July 26, 1996.

3. We recommend that the default Electronic Transfer Account provided for by section 208.5 of the proposed regulations be very basic. Optional add-on services should be available, but selected at the discretion of the recipient. If beneficiaries want additional features, we believe that it is reasonable for them to pay extra for the services.
4. Section 208.5 of the proposed regulations states that Treasury will provide an individual access to an account at a Federally-insured institution when the individual either certifies that he or she does not have an account or fails to provide account information. We suggest that this provision be amended to include vendors.
5. We have a number of concerns about the investment accounts mentioned in section 208.6(b)(2) of the proposed regulations. We suggest that the proposed regulations provide safeguards to ensure that the trust funds from which benefits are paid are not adversely affected by the deposit of payments into accounts where the program agency loses control over the account titles. The safeguards should provide agencies the ability to reclaim payments issued to these accounts, and require the automatic return of payments upon the death of the beneficiary. Under 31 CFR Part 210, financial institutions are currently required to return payments if there is a change in the account title that removes or adds the name of a beneficiary. We are concerned that the trust funds may be exposed to greater risks from unreported events associated with investment accounts.
6. The description in the Supplementary Information of proposed section 208.7 explains that agencies are encouraged to collect EFT account information as a condition of awarding the contract or placing the order. It appears that under the proposed regulation, the finance officer is responsible for obtaining this information. Collection of the EFT account information this late in the acquisition cycle (after the goods have been delivered and accepted) reduces the government's leverage to acquire this information. A better approach would be to have the procurement officer collect EFT account information as a condition of awarding a contract or placing an order. However, an amendment of the Federal Acquisition Regulation (FAR) would be needed to make that information collection a requirement of the procurement process.

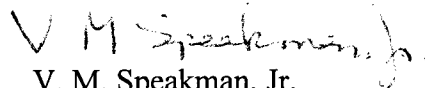
Ms. Cynthia L. Johnson

7. The Railroad Retirement Board receives and honors hundreds of court-ordered garnishments each year. Benefits under both the Railroad Retirement Act and the Railroad Unemployment Insurance Act are subject to garnishment for payment of alimony and child support. Generally, the amount garnished must be sent to a local court or a state or county agency, which then dispenses the payment in accordance with the garnishment order. These payments are currently made by check. The check includes the name of the railroad employee and the court case number and/or child support case number. In the absence of some kind of duplicate accounting system that will allow us to give the court or state agency sufficient information to allow payment of the benefit to the appropriate party, it does not appear that we will be able to make these payments by EFT. Such a duplicate accounting system could be more expensive than a paper check. We suggest that these payments be covered by the waiver provisions until such time that Treasury's payment systems and the program agencies can make such payments electronically in a cost efficient and effective manner.

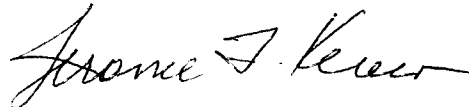
Sincerely,



Glen L. Bower
Chairman



V. M. Speakman, Jr.
Labor Member



Jerome F. Kever
Management Member